

US inflation up 0.5% in Jan, more rate hike likely

CPI is up 6.4% from the year-ago period; food and energy boosted the index

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US consumer prices rose briskly at the start of the year, a sign of persistent inflationary pressures that could push the Federal Reserve to raise interest rates even higher than previously expected.

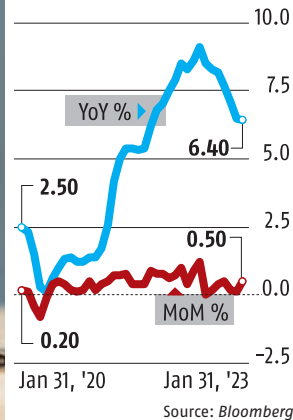
The overall consumer price index climbed 0.5 per cent in January from the prior month, bolstered by gasoline and shelter costs, according to data out Tuesday from the Bureau of Labor Statistics. The measure was up 6.4 per cent from a year earlier.

Excluding food and energy, the so-called core CPI advanced 0.4 per cent last month and was up 5.6 per cent from a year earlier. Economists see the gauge as a better indicator of underlying inflation than the headline measure.

The median estimates in a *Bloomberg* survey of economists called for a 0.5 per cent monthly advance in the CPI and a 0.4 per cent gain in the core measure.

Both annual measures came in higher than expected.

US stock futures and Treasuries fluctu-



ated after the report.

The figures, when paired with January's blowout jobs report and signs of enduring consumer resilience, underscore the durability of the economy — and price pressures — despite aggressive Fed policy.

The data support officials' recent assertions that they need to hike rates further and keep them elevated for some time, and possibly to a higher peak level than previously expected.

The path to stable prices will likely be both long and bumpy. The goods disinflation that has driven the slide in overall inflation in recent months appears to be losing steam, and the strength of the labor market continues to pose upside risks to wage growth and service prices.

The dollar fell on Tuesday after data showed the annual rise in consumer prices was the smallest since late 2021. The dollar index fell 0.2 per cent to 102.93.